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Message Text

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SUBJECT: FIRST JOINT SESSION OF HUNGARIAN-U.S. ECONOMIC COUNCIL

REF: BUDAPEST 3610

1. THE HUNGARIAN-U.S. ECONOMIC COUNCIL CONVENED ITS INAUGURAL MEETING IN BUDAPEST, HUNGARY, NOVEMBER 10-11, 1975. THE HUNGARIAN SECTION, CONSISTING OF SENIOR EXECUTIVES OF HUNGARIAN FOREIGN TRADE ORGANIZATIONS AND INDUSTRIAL AND AGRICULTURAL ENTERPRISES, WAS CHAIRED BY JOZSEF MOLNAR, DEPUTY MANAGING DIRECTOR, TANNIMPEX. THE AMERICAN SECTION, COMPRISING SENIOR EXECUTIVES OF A REPRESENTATIVE CROSS-SECTION OF THE U.S. BUSINESS COMMUNITY, WAS CHAIRED BY JAMES R. CARTER, CHAIRMAN OF THE BOARD, NASHUA CORPORATION. HIGH OFFICIALS OF RELEVANT HUNGARIAN MINISTRIES AND AMERICAN AMBASSADOR EUGENE MCAULIFFE PARTICIPATED IN THE COUNCIL'S FIRST SESSION. RANKING U.S. SECTION MEMBERS ALSO HELD FRANK AND INFORMATIVE DISCUSSIONS WITH FOREIGN TRADE MINISTER JOZSEF BIRO AND JANOS FEKETE, VICE PRESIDENT OF THE NATIONAL BANK OF HUNGARY.

2. THE COUNCIL, FORMED IN MARCH 1975, IS DESIGNED TO SERVE A CATALYTIC ROLE IN THE PROCESS OF EXPANDING AND DEEPENING BUSINESS RELATIONS BETWEEN THE ENTERPRISES OF THE TWO COUNTRIES. ITS AIM IS TO STUDY AND DEVELOP
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JOINT SOLUTIONS AND APPROACHES TO PROBLEMS AND ISSUES THAT

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HINDER BILATERAL ECONOMIC RELATIONS. EQUALLY IMPORTANT IT SEEKS TO FOSTER EXPANDED TRADE AND INDUSTRIAL COOPERATION BETWEEN THE ENTERPRISES OF THE TWO COUNTRIES.

3. DURING THEIR TWO-DAY MEETING, THE TWO SECTIONS DISCUSSED AND EXCHANGED VIEWS ON A RANGE OF KEY SUBJECTS, INCLUDING: HUNGARY'S UPCOMING FIVE-YEAR PLAN, THE CURRENT U.S. ECONOMIC OUTLOOK, PROSPECTS FOR EXPANDING HUNGARIAN-U.S. TRADE AND INDUSTRIAL COOPERATION IN HUNGARY, IN THE UNITED STATES AND THIRD COUNTRIES, THE HUNGARIAN FOREIGN TRADE SYSTEM AND THE REGULATION OF THE INTERNATIONAL COOPERATION ACTIVITY, AS WELL AS WAYS TO IMPROVE TRADE AND ECONOMIC CONTACTS AND COMMUNICATIONS BETWEEN ENTERPRISES OF THE TWO COUNTRIES.

4. IN A COMMUNIQUE ISSUED FOLLOWING THE SESSION THE COUNCIL URGED THAT APPROPRIATE STEPS BE TAKEN AT OFFICIAL LEVELS TO RECONCILE OUTSTANDING ISSUES THAT LIE IN THE WAY OF LIBERALIZING CURRENT TARIFF, EXPORT CREDIT AND OTHER RESTRAINTS. THE COUNCIL IS CONVINCED THAT TRADE AND EXPORT CREDIT BARRIERS THAT EXIST ARE A MAJOR OBSTACLE TO NORMALIZING BILATERAL TRADE RELATIONS. THEREFORE, THESE BARRIERS SHOULD BE REMOVED OR REDUCED PROMPTLY IN THE MUTUALLY BENEFICIAL INTEREST OF BOTH COUNTRIES.

5. THE COUNCIL ALSO STRESSED THE NEED FOR THE COMPANIES OF BOTH COUNTRIES TO EXPLORE THE POSSIBILITIES FOR ESTABLISHING JOINT PRODUCTION AND TRADE ARRANGEMENTS AS WELL AS OPPORTUNITIES FOR DEVELOPING TRADE RELATIONSHIP WITH THIRD COUNTRIES.

6. THE COUNCIL FURTHER STATED THAT INDUSTRIAL COOPERATION AGREEMENTS, INCLUDING CO-PRODUCTION ARRANGEMENTS IN THE UNITED STATES, AND IN HUNGARY -- EITHER FOR DOMESTIC MARKET OR THIRD COUNTRY MARKET CONSUMPTION -- SHOULD BE EXPLORED AND ENCOURAGED. IN THIS CONNECTION, THE U.S. SECTION AGREED TO HELP PUBLICIZE RECENTLY PROMULGATED HUNGARIAN DECREES THAT ESTABLISH GUIDELINES FOR THE COMMERCIAL REPRESENTATION OF FOREIGN ENTERPRISES IN HUNGARY, JOINT VENTURES IN HUNGARY, THE UNCLASSIFIED

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UNITED STATES AND IN THIRD COUNTRIES. TO COMPLEMENT THESE GUIDELINES THE TWO SECTIONS AGREED TO DEFINE AND PUBLICIZE CONCISE ECONOMIC PRIORITIES IN THOSE SECTORS HUNGARY INTENDS TO EMPHASIZE INCLUDING THE NEXT HUNGARIAN FIVE-YEAR PLAN. SPECIAL REFERENCE SHOULD BE GIVEN TO THE CHEMICAL, ENGINEERING AND AGRICULTURAL SECTORS.

7. THE TWO SECTIONS OF THE COUNCIL ALSO NOTED THE

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IMPORTANCE OF IMPROVING COMMERCIAL COMMUNICATIONS BETWEEN THE ENTERPRISES OF THE TWO COUNTRIES. IN THIS CONNECTION, THEY AGREED ON THE NEED FOR INCREASING THE EXCHANGE OF ECONOMIC AND COMMERCIAL INFORMATION, PROMOTING COMMERCIAL EXHIBITIONS AND TRADE MISSIONS. THEY ALSO SUGGESTED CONSIDERATION SHOULD BE GIVEN TO STANDARDIZING CONTRACT CLAUSES IN ORDER TO FACILITATE COMMERCIAL NEGOTIATIONS. THE COUNCIL REVIEWED AND DISCUSSED A U.S. SECTION PROPOSAL FOR AN OPTIONAL PRE-ARBITRAL CONCILIATION PROCEDURE TO EXPEDITE THE SETTLEMENT OF ANY COMMERCIAL DISPUTES THAT MAY ARISE. A JOINT WORKING GROUP WAS ESTABLISHED TO STUDY THIS PROPOSAL FURTHER AND TO SUBMIT ITS RECOMMENDATIONS FOR ACTION AT THE COUNCIL'S NEXT MEETING.

8. THE TWO SECTIONS AGREED TO MEET AGAIN JOINTLY IN WASHINGTON IN SEPTEMBER 1976.

9. SIMULTANEOUSLY OCCURING WITH THE JOINT SESSION AND REPRESENTATIVE OF THE TYPES OF ACTIVITIES ENVISAGED BY THE COUNCIL WAS THE SIGNING OF A GENERAL FRAMEWORK COOPERATION AGREEMENT BETWEEN THE HUNGARIAN AUTO FOREIGN TRADE COMPANY MOGURT AND GENERAL MOTORS DESIGNED TO ENCOURAGE AND FACILITATE THE DEVELOPMENT OF SPECIFIC COOPERATION PROJECTS IN THE AUTOMOTIVE FIELD.

10. THE FIRST SPECIFIC PROJECT FALLING UNDER THE GENERAL AGREEMENT CALLS FOR THE DELIVERY BY RABA (HUNGARIAN WAGON AND ENGINEERING WORKS) TO GENERAL MOTORS-VAUXHALL OF 10,000 REAR AXLE ASSEMBLIES AND WILL INVOLVE TRADE IN EXCESS OF 10 MILLION DOLLARS.
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